

1970

# c 10 Agricultural Development Act

Ontario

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## CHAPTER 10

**The Agricultural Development Act****1.** In this Act,

Interpretation

- (a) "Commissioner" means the Commissioner of Agricultural Loans;
- (b) "Treasurer" means the Treasurer of Ontario and Minister of Economics. R.S.O. 1960, c. 8, s. 1, *amended*.

**2.—**(1) The office of Commissioner of Agricultural Loans is continued and the Commissioner of Agricultural Loans is continued as a corporation sole under that name with perpetual succession and an official seal and may sue and be sued under that name in the same manner as any other corporation sole, and the Lieutenant Governor in Council may appoint a person to hold that office.

Commissioner of Agricultural Loans

(2) The Lieutenant Governor in Council may appoint an Assistant Commissioner of Agricultural Loans who shall have and may exercise and perform all the powers, rights, duties and obligations of the Commissioner. R.S.O. 1960, c. 8, s. 2.

Assistant Commissioner

**3.** The Commissioner shall promote agricultural development by means of loans as provided in this Act and in any other manner that the Commissioner considers advisable. R.S.O. 1960, c. 8, s. 3.

Duty of Commissioner

**4.** The Commissioner, with the approval of the Lieutenant Governor in Council, may issue bonds of the Commissioner to the amount of \$500,000 in such denominations and at such rates of interest as the Commissioner considers proper and subject to such conditions as to the sale and disposal thereof as the Commissioner considers advisable. R.S.O. 1960, c. 8, s. 4.

Commissioner may issue bonds

**5.** The Lieutenant Governor in Council may authorize the Treasurer to purchase out of the Consolidated Revenue Fund any bonds or debentures issued by the Commissioner under this Act. R.S.O. 1960, c. 8, s. 5.

Treasurer may purchase bonds

**6.** All moneys received by the Commissioner from the sale of the bonds issued under section 4 shall be deposited in a separate account of the Commissioner in a chartered bank of Canada or in the office of a company or corporation authorized to accept deposits and such moneys shall be used solely for the purposes set forth in this Act. R.S.O. 1960, c. 8, s. 6.

Proceeds of bonds; how dealt with

Issue of  
debentures  
by Com-  
missioner

**7.**—(1) The Commissioner, with the approval of the Lieutenant Governor in Council, may issue debentures in such denominations and at such rate of interest as the Commissioner considers advisable and as are approved by the Lieutenant Governor in Council, and the proceeds of any debentures so issued shall be disposed of in the manner provided by section 6 in respect of the proceeds of the sale of bonds issued by the Commissioner.

Security

(2) The debentures so issued shall be issued upon the security of the assets of the Commissioner and shall not exceed the amount of such assets, and such debentures are a first charge upon all the assets and revenues of the Commissioner.

Lawful in-  
vestment

(3) Notwithstanding anything in any other Act, the bonds and debentures of the Commissioner are a lawful investment for municipal, school and trust funds. R.S.O. 1960, c. 8, s. 7.

Authority to  
guarantee  
payment of  
bonds and  
debentures

**8.**—(1) The Lieutenant Governor in Council may authorize the Treasurer to guarantee payment on behalf of the Province of Ontario of any bonds or debentures issued by the Commissioner under this Act.

Form of  
guaranty

(2) The form of guaranty and the manner of execution shall be determined by the Lieutenant Governor in Council. R.S.O. 1960, c. 8, s. 8.

Commis-  
sioner may  
make loans,  
for what  
purposes

**9.**—(1) Out of the moneys at his disposal from time to time as the proceeds of the sale or hypothecation of any bonds or debentures issued by the Commissioner, the Commissioner may make loans for the following purposes and no other:

1. Acquiring land for agricultural purposes.
2. The erection of farm buildings essential to production.
3. To pay off charges existing against land at the time of acquisition by the borrower under a will or by descent.
4. To pay off encumbrances, in which cases loans shall not exceed 50 per cent of the valuation.
5. For the purpose of providing tile drainage.
6. To purchase breeding live stock.
7. To consolidate outstanding liabilities incurred for productive agricultural purposes.
8. For such other purposes relating to the development and operation of the applicant's farm as the Commissioner approves.

Collateral  
security

(2) At the time of or after the making of a loan under this Act, the Commissioner may accept as collateral security for the loan a

life insurance policy or an assignment thereof or any other security that he considers proper.

(3) The Commissioner may make such composition, extension of time or scheme of arrangement with any borrower on his loan as the Commissioner considers advisable. R.S.O. 1960, c. 8, s. 9. Composition, extension of time, etc.

**10.** The Commissioner, with the approval of the Lieutenant Governor in Council, may appoint committees, each of which shall be composed of two or more competent persons, one of whom is or has been a practical farmer, to consider and report to the Commissioner upon applications and upon problems that may arise in connection with loans already made. R.S.O. 1960, c. 8, s. 10. Committees

**11.** Every applicant for a loan under this Act may be required to appear in person before the Commissioner or a qualification committee and shall submit evidence to the satisfaction of the Commissioner or Committee, Qualifications of applicants for loans

- (a) that he is a British subject of at least twenty-one years of age and has been resident in Canada for at least three years;
- (b) that he has had at least three years experience in farming and has displayed average ability and capacity;
- (c) that he is of good character; and
- (d) that he is actually engaged or intends to engage upon the land upon the security of which the loan is to be made. R.S.O. 1960, c. 8, s. 11.

**12.—(1)** No loan shall exceed \$7,500 and every loan shall be secured by a first mortgage upon lands suitable for agricultural purposes. Limitations as to loan

(2) On a property of less than fifty acres, the maximum valuation to be recognized by the Commissioner is \$300 per acre. R.S.O. 1960, c. 8, s. 12. On less than 50 acres

**13.—(1)** Before making a loan under this Act, the Commissioner shall secure a report from a competent valuator as to the value of the security offered by the applicant. Valuator's report

(2) The land and buildings shall be valued on the basis of their value for agricultural purposes. Mode of valuing

(3) The buildings upon the land shall be insured to their full insurable value. R.S.O. 1960, c. 8, s. 13. Insurance

**14.** Where the Commissioner is satisfied that the conditions of Extent of loan

this Act have been complied with and that agricultural development will be promoted by the loan, the Commissioner may make a loan to the applicant to the extent of 50 per cent of the value of the security as shown by the valuator's report. R.S.O. 1960, c. 8, s. 14.

Loan,  
how  
repayable

**15.**—(1) Except as provided in this Act, every loan made under this Act is repayable in equal annual instalments of principal and interest sufficient to discharge the debt at the end of such period as is agreed upon, but no loan shall be made for more than thirty years.

Payments  
on accounts  
of loan

(2) Payments on account of the loan, in addition to those provided for in the mortgage or agreement, may be made at any time.

Provisions of  
payment,  
alterations  
in

(3) Notwithstanding anything in this Act, the Commissioner may accept payment of interest without principal for any period not exceeding three years and may, at any time at his discretion, alter the provisions for payment of any mortgage and may consolidate the total indebtedness owing by any mortgagor to the Commissioner, inclusive of accrued interest and moneys paid for taxes and insurance, to the date of consolidation and may alter the provisions of the mortgage so that the consolidated indebtedness with interest will be repayable in annual instalments within a period not exceeding thirty years from the date of consolidation.

Regulations

(4) The Commissioner may, with the approval of the Lieutenant Governor in Council, make regulations relating to sales made by the Commissioner under the power of sale contained in a mortgage where the purchase money or part thereof is secured by an agreement for sale.

Equity of  
redemption

(5) The Commissioner may accept a release of the equity of redemption existing by virtue of a mortgage to him and may sell any mortgaged property that he has thus acquired or that he is empowered to sell by virtue of the power of sale contained in a mortgage, at such price and upon such terms as in his discretion are considered advisable.

Delay in  
payments

(6) When a sale has been made by the Commissioner under the power of sale contained in a mortgage and the purchase money or part thereof is secured by an agreement for sale and any instalment, whether for principal or interest payable under the agreement, is not punctually paid, or if the purchaser makes default in the performance of any of the terms of the agreement, the Commissioner, without any formal re-entry or taking of possession and without resorting to proceedings in equity or at law, may, upon ten days notice in writing to the purchaser directed by mail to him at his last known address, rescind the agreement and resell or otherwise deal with the property as

provided for in the mortgage, to the same extent as if the agreement had not been entered into. R.S.O. 1960, c. 8, s. 15.

**16.** Every mortgage made under this Act shall be made in accordance with *The Short Forms of Mortgages Act* and may contain such further covenants, provisoes and conditions as the Commissioner considers proper, and the Commissioner has and may exercise all the rights, powers and remedies with respect to any mortgage made under this Act as a mortgagee has under the laws of Ontario. R.S.O. 1960, c. 8, s. 16.

Mortgages,  
how made  
R.S.O. 1970,  
c. 437

**17.** Notices, mortgages, discharges and other documents of every kind and description made or used under this Act shall be prepared by the Commissioner or by some person designated by the Commissioner. R.S.O. 1960, c. 8, s. 17.

Commis-  
sioner to  
prepare  
notices,  
mortgages,  
etc.

**18.**—(1) If at any time in the opinion of the Commissioner any money advanced under this Act has not been or is not being applied for the purpose for which it was advanced, or is not being carefully and economically expended, or if the security depreciates in value, the Commissioner may refuse to make any further advance and may call in the whole amount already advanced and all interest thereon and declare the same to be immediately due and payable, whereupon the borrower shall at once repay the same with interest at the rate set forth in the mortgage, and in default of payment the Commissioner has the like remedies for recovery of the same as if the time for repayment thereof had fully arrived.

Where  
money mis-  
applied

(2) It shall be a term of every mortgage taken as security for a loan that, upon the sale of the farm land mortgaged, the loan will, at the option of the Commissioner, immediately become due and payable. R.S.O. 1960, c. 8, s. 18.

Term of  
mortgage

**19.**—(1) Every payment made on a mortgage given under this Act shall be disposed of as follows:

Payments  
on  
mortgages,  
how  
disposed of

1. The portion of the payment that consists of principal shall, at the option of the Commissioner, be paid to the Treasurer as received to provide for the payment of the principal payable upon the debentures issued by the Agricultural Development Board or by the Commissioner and held by the Treasurer; or the Commissioner may, if he so desires, retain the principal portion of the payment and reinvest it in first mortgages according to this Act, and such moneys shall, while in the hands of the Commissioner, be placed in a special account and shall be kept entirely separate and distinct from the



other accounts and funds of the Commissioner, and in the event of the Commissioner retaining and reinvesting such principal, the Treasurer shall, at the end of each fiscal year and upon the certificate of the Provincial Auditor, cancel the Commissioner's debentures up to the amount reinvested by the Commissioner during such year and accept from the Commissioner new debentures for such amount.

2. The portion of the payment that consists of interest and all other revenue of the Commissioner on account of loans shall be applied to payment of losses written off or sustained on the sale of mortgaged properties and the balance then remaining shall be paid to the Treasurer in payment of interest on debentures issued by the Commissioner. R.S.O. 1960, c. 8, s. 19 (1); 1966, c. 4, s. 1.

Other  
revenue

(2) Any other revenue of the Commissioner on account of loans shall be credited to a reserve fund account and shall at the end of each month be transferred to the Consolidated Revenue Fund. R.S.O. 1960, c. 8, s. 19 (2).

Commis-  
sioner to  
obtain re-  
ports as to  
condition of  
securities

**20.** The Commissioner from time to time shall obtain reports as to the condition of any securities taken by him for loans under this Act and as the progress and prospects of the borrowers, and for this purpose the Department of Agriculture and Food may co-operate with the Commissioner by rendering assistance of an educational or other nature that appears calculated to facilitate the success of the borrower. R.S.O. 1960, c. 8, s. 20, *amended*.

Staff

**21.** The Commissioner shall be assisted in the administration of this Act by such officers and other employees in the public service of Ontario as the Treasurer may assign for the purpose. 1966, c. 4, s. 2.

Annual  
report

**22.** The Commissioner shall make a report annually to the Treasurer, and the Treasurer shall submit the report to the Lieutenant Governor in Council and shall then lay the report before the Assembly if it is in session or, if not, at the next ensuing session. 1966, c. 4, s. 3.

Regulations

**23.** The Commissioner, with the approval of the Lieutenant Governor in Council, may make regulations respecting,

- (a) the proceedings of the Commissioner;
- (b) the mode in which applications for loans are to be made and the forms thereof;
- (c) the forms of mortgages to be taken by the Commissioner, including all provisions to be inserted therein;
- (d) the fees and expenses payable by borrowers under this Act;

- (e) the conditions that may be imposed in regard to loans;
  - (f) the consideration and granting of applications for loans;
  - (g) the valuations to be made in relation to applications for loans;
  - (h) the records, books and accounts to be kept by the Commissioner and the auditing of its accounts;
  - (i) respecting any matter necessary or advisable to carry out effectively the intent and purpose of this Act. R.S.O. 1960, c. 8, s. 24.
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